

INFORMATION REPORT

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25X1A

COUNTRY China

SUBJECT Currency Regulations in Canton

CONFIDENTIAL

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SUPPLEMENT TO
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1. On 18 November, the Canton Communist authorities announced currency regulations, to the following effect.
 - a. Circulation, buying, and selling of gold, silver, and foreign currency was strictly prohibited. Persons possessing any of these articles must exchange them at banks for People's Currency (PC).
 - b. Hong Kong currency, valued at the official rate, would continue to circulate for the time being.*
 - c. South China Currency (Nan Fang Chuan 南方券) would circulate in the Kwangtung-Kiangsi-Hunan and Fukien-Kwangtung-Kiangsi border areas at the exchange rate 250 PC to 1 SCC. The currency will not circulate in the city of Canton.
2. New exchange rates and regulations were announced by Communist authorities in Canton in early December 1949. On 5 December, the Communists raided more than 170 exchange shops and arrested 426 persons. Over seven hundred "street money changers" were also arrested. The rate for People's Currency (PC) began to fluctuate as a result of the arrests, and some business men refused to accept PC in payment.
3. Persons entering Canton are allowed to bring in HK \$50 and two taels of gold but must exchange any additional sums into PC. Travelers leaving Canton may take with them HK \$100 and two taels of gold. Any additional sums are impounded and exchanged for PC, which can be claimed when the owner returns to the city. After 22 December, permits from the Communist authorities will be necessary for all persons entering or leaving Canton.

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* Comment. The black market rate on 18 November for the Hong Kong dollar was 1000 PC. The rate of exchange since then has increased considerably.

** Comment. reports that another currency, described as New Continental Currency (NCC), was circulating in the area adjacent to Hong Kong.

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☒ ~~Declassified~~
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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 13 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

Next Review Date: 2008